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Tilling cropland, Italy.

Italy Is Big Market for U.S. Farm Products

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This week's cover:

Italian farmers till cropland in Lombardy, wealthy industrialized Province in northern Italy, where farm incomes are considerably higher than in the less developed south. Italy's economic and agricultural situations are discussed in an article beginning on this page.

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Italy Remains Big U.S. Farm Market Despite Growing Economic Woes

By ELMER W. HALLOWELL
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THE DARK CLOUDS of massive inflation, rapidly declining economic activity, growing unemployment, and political instability cast a gloomy pall over the Italian economy during 1974. No real relief from these pressures appears to be in view for 1975, except for a possible improvement in the balance of payments situation.

Yet in spite of restrictions on farm and other imports in 1974 to help relieve a huge trade deficit—estimated at $11 billion—Italian imports of U.S. agricultural products almost certainly set a record for the fifth straight year. Thus, through 1974, Italy held strong to sixth place as a U.S. farm market, behind only Japan, the Netherlands, West Germany, Canada, and Mexico.

Italy's imports of U.S. soybeans and meal in 1974 regained the lead they lost to corn 2 years ago as the No. 1 U.S. farm import. High prices and shorter supplies of U.S. corn were main causes of the import shift. U.S. sales of soybeans and products, mainly meal, amounted to $320 million, followed by $264 million in corn. Together, these products amounted to 76 percent of the $767 million U.S. export total. Other significant U.S. exports to Italy in 1974 were cotton, $38 million; tobacco, $31 million; wheat, $30 million; and tallow and greases, $11 million.

Italy's large feed ingredient imports are necessary to support livestock development programs, now taking hold in the relatively underdeveloped south. A viable domestic industry is essential if Italy is to reduce meat imports—still the largest food deficit item.

For all food and agricultural items, Italy's trade in the first 10 months of 1974 was a whopping $4.8 billion in deficit. Outlays for food imports from all sources during the 10 months, say Italian statistics, rose to $6.9 billion, against $6.2 billion for the same 1973 period. Meat imports were held down to $885 million, however, 6 percent below the same months of 1973. But Italy's imports of grains and grain preparations in 1974 rose sharply from those of 1973 to a preliminary $1.4 billion.

The growing farm trade deficit, although serious, is not the primary cause of Italy's precarious financial position. Costs of nonfarm commodities rose 90 percent to $27 billion in 1974, plunging the Italian trade balance $11 billion in deficit. Soaring costs of oil imports accounted for more than a $7 billion slice of the deficit. Excluding the oil import bill, however, Italy's trade was more nearly in balance in 1974 than in 1973.

In previous years, Italy has offset some of its trade spending with exchange earnings from tourism and currencies sent home by emigrants. Economic slowdowns in other countries have curtailed profits from both of these sectors, although the tourism outlook may be brighter for 1975, owing to the expected influx of visitors for the Holy Year.

Despite the drain caused by high-priced imports, Italy's economic growth rates in 1974 remained above those of some other industrial nations. Some sources place real gross national product (GNP) growth in 1974 at 4.5 percent, others estimate growth at 4 percent, compared with 6 percent in 1973. The outlook for 1975 is far less promising, however, with zero or negative growth expected.

The reasons for this gloomy GNP forecast are abundant. Italy's inflation rate for 1974 surged to 19.2 percent—highest of the Common Market countries and topped only by Japan among industrial countries. At yearend, the rate actually hit about 25 percent, and the outlook for 1975 is for around 20 percent despite Government anti-inflation programs.

Inflation during the year was fueled by a combination of forces. Chief were soaring labor costs, added to higher world prices for oil, food, and raw mate-

rials. Further, the floating Italian lira weakened against most other currencies during the year, boosting the price of imports. Price controls on most major consumer products were ended in August after year-long restraints, whereupon prices galloped rapidly upward.

As part of a program to hold down imports, Italy enacted a temporary import deposit scheme for many industrial and farm products on May 4. Meat imports were one of the chief targets of the scheme. Few bulk U.S. agricultural exports were affected, but the restrictions hit hard at U.S. grapefruit, dried fruit, almonds, and peas and lentils. By November, however, these products were removed from the restricted list and imports were expected to rebound to more traditional levels.

On the domestic front, Italy's agricultural situation is a story of contrasts. Almost 16 percent of the labor force is involved in agriculture, but the rate varies from 4 percent in the industrial northwest to 28 percent in southern Italy. Incomes in the farm sector are still only half to three-fifths those in other sectors, and farm incomes in the south average only about 70 percent of those in the north.

LURED BY higher incomes and the benefits of urban life, Italy's young people have been leaving the land in record numbers. Only about 300,000-400,000 young farmers between the ages of 14 and 29 remain on farms—half as many as in 1964—although the exodus has slowed in recent years. Abandoned lands are also concerning farm groups, which are urging the use of European Community subsidies and regional assistance to keep farmers on the land.

The small size of most Italian farms is a major constraint on efficiency and modernity. Only about 4.5 percent of all farms are above 50 acres in size—yet these comprise 55 percent of all farmland. Thus, only 10 percent of farms produce 50 percent of farm products. For top efficiency, farm numbers should be cut by 90 percent, according to recent calculations.

Italy's latest land reform act, passed in late 1973, was expected to assist farm workers to lease farmland and encourage larger farm units.

The act has not really had time to take effect, but inflation has produced unexpected results, pushing land prices skyward so that little land is available for rental. A hectare of orchard land in central Italy, for example, cost an estimated $7,000 to $10,000 in 1974, some 30 to 50 percent more than in 1973. The same land costs only half as much if it was already leased. High land and other costs are also an impediment to expanding the size of farms.

As it has for several years now, the Italian Government is still debating a law to improve the structure of agriculture, as set forth in EC directives. So far, the only major program benefiting from EC funds, with matching Italian money, is in the citrus sector. Targets include modernizing and constructing nurseries, stimulating output of varieties in demand by consumers, and improving packing, storing, and distributing facilities.

A special meat project is underway as part of investment programs in the poorer south. Ambitious in scope, the 500-billion lire project is a 5-year scheme for fattening bull calves (up to 300,000 head annually), and producing lean pigs (400,000) and heavy lambs (100,000). Technical assistance for the program is being provided by the U.S. Feed Grains Council, which is fostering U.S.-Italian cooperation on such projects as cow-calf operations, and production of beef, lean pork, and heavy lambs in an effort to promote U.S. feedgrains.

According to Italian statistics, agricultural produciton in Italy in 1974 increased about 2 percent in real terms (using 1963 prices) over 1973. This reflects an expansion of 4 percent in field crop production, unchanged production of tree crops, and a slight increase (1.5-2 percent) in the livestock and dairy sectors.

Farm prices rose about 17-18 percent overall in 1974, with gains of about 25 percent for field crops, 20 percent for tree crops, and 9-10 percent for animal products. This boosted the total value of farm production by about 20 percent in current prices to a total of nearly $15 billion.

Yet costs of goods and services to farmers were about 25 percent higher, forcing farmers to rely heavily on stock reserves accumulated during more favorable marketing periods.

In the energy sector, farmers were able to get all the fuel they needed, albeit at higher prices, thanks in part to the Government's action giving agricul-

Italian workers process tomatoes, top, an important farm export item. Rice field, below, is irrigated from rainfed streams. Rice may go into export or help to supply the growing domestic market. Poultry farm in Genova Province, bottom, contributes to strong demand for U.S. feed ingredients.

ture priority over industry in fuel allocations. Fertilizer production, consumption, and imports were all down somewhat due to high petroleum prices and Government action on fertilizer prices. Production is expected to recover slightly in 1974-75.

In brief, Italy's crop and livestock situation, as well as trade trends, include the following:

Wheat. Italy harvested a good wheat crop of 9.6 million tons in 1974, of which 2.9 million was Durum. Despite the good crop and record imports in 1973-74, imports should remain at a high 1.2 million tons or more in the coming year. A key factor is the lifting of the EC's ban on exports of pasta and flour to third countries.

Italy's large flour exports, together with stronger domestic consumption of wheat products, should combine to keep wheat imports high. Feed use of wheat, not a traditional practice, will probably not increase much, owing to the recent falloff in corn prices.

In 1973-74, Italy imported 867,000 metric tons of Durum. Main suppliers were Argentina (39 percent), Canada (31 percent), and the United States (13 percent). As a result of this year's good domestic crop and adequate stocks, imports during 1974-75 will probably be in the neighborhood of 600,000 tons.

First estimates for 1975 anticipate a drop in acreage for both soft and Durum wheats (5 and 6 percent respectively) as farmers are likely to turn to more profitable alternatives such as corn and sugarbeets. Assuming normal weather the total crop is estimated at 9.4-9.5 million tons, or 2 percent less than in 1974. Durum production, however, is expected to increase to about 3 million tons—7 percent over that of 1974.

Corn. Most recent data show that the crop was a record 5.2 million tons—slightly above that of 1973. Demand remained a question this year, with beef and dairy feeding trending down, swine expansion still uncertain, and poultry feeding due to increase.

Italy's corn imports from all sources during 1973-74 (August-July) were estimated at 4.9 million tons. In 1974-75, however, imports could slide slightly to about 4.4 million tons. Principal traders in Milan expect that shipments from the United States could be off considerably, owing to the tighter U.S. situation.

Barley and oats. An 11 percent jump in barley acreage and better than average yields combined to push output to 552,000 tons—21 percent over last year's crop. Production of oats, on the other hand, is trending downward, with acreage generally being replaced by Durum. An 8 percent drop in acreage last year was partly offset by good growing conditions, so that the 460,000-ton crop was 10 percent over the previous year's.

Rice. The 1974 crop of 988,000 tons paddy basis was down about 5.3 percent from the year before. Lack of irrigation water had an adverse effect, but the principal problem was a shortage of fertilizer.

CONSUMPTION increased close to 15 percent in 1973-74. Rice is an increasingly popular substitute for pasta as a *primo piatto* (first course) at lunch and dinner, and therefore may become increasingly important in the Italian diet.

An estimated 650,000 tons will be available for export during the coming year.

Livestock and meat. Reflecting sharp increases in feed and labor costs, as well as low milk prices, heavy slaughter during 1974 pushed beef and veal production about 9 percent over 1973's to 1.2 million tons.

Live cattle and beef imports were down dramatically, owing partly to the EC embargo and Government actions to restrict high-priced imports. As a result, live cattle imports fell 19 percent in 1974 to 1.8 million head, while beef and veal imports were off 27 percent to 316,000 tons.

Pork production also moved ahead, rising 8 percent over the previous year. Competitive prices in other EC countries and rising domestic demand for pork pushed live hog imports up 61 percent to a record 675,000 head, and pork imports to 236,000 tons—a gain of 31 percent.

Bolstered by consumer demand for less costly meats, production of poultry meat rose some 8 to 10 percent above 1973's. Output should continue to expand in 1975 as the squeeze on family budgets continues.

Citrus. Italy's lemon output has expanded consistently, despite static acreage. The 1974-75 crop totaled 725,000 tons—up 5 percent. Unusually low prices for lemon derivatives—Italy is one of the world's major producers—have temporarily depressed the market. Prices are expected to strengthen later this season, however, and Italy's export volume could soar 24 percent to 260,000 tons as its competitive position improves.

Orange production in 1974-75 is estimated at a record 1.6 million tons, of which 68 percent will be of the blood variety preferred by Italian consumers. The market has yet to recover fully from the depressing effects of inflation and high production costs that harassed producers during 1974. Exports this season are apt to increase only slightly, if at all.

Tobacco. Acreage in 1974 edged up 2 percent from 1973's. Lower yields, however, helped keep total production at about the previous year's level of 94,000 tons. Exports for 1974 were in the vicinity of 40,000 tons, as they were in 1973.

Tobacco imports have also been on the rise. Through October 1974, imports at an estimated 25,557 tons were up 30 percent from the same period a year ago. Interestingly, Italy exported more raw tobacco to the United States than it imported—12,000 tons against 8,000. In value terms, however, Italy spent nearly half as much again as the United States—U.S. manufacturers sought less expensive tobacco for blending, while Italians bought higher-priced U.S. tobacco.

Sugar. Planted sugarbeet acreage in 1974 was 18 percent below last year's, reflecting the lateness of the EC's decision to increase beet prices this year. Some farmers had already shifted from sugarbeets into grain crops, where returns have been higher. Consequently, production is estimated to have decreased 16 percent to 7.8 million tons, compared with 9.4 million tons in 1973. Favorable weather conditions during the growing season boosted the sucrose by 3 percent, compared with 1973.

ITALIAN SUGAR production in 1974-75 will be the lowest since 1959, probably about 870,000 tons, because of lower beet tonnage and greater use of beets for feed. This would be 360,000 tons less than the EC-authorized production quota for Italy of 1.2 million tons and would about equal Italy's total stocks on hand at the outset of the 1973-74 marketing year.

Sugar imports in 1974-75 are expected to set a record of over 900,000

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Soviets Plan Huge Increase In Grain Storage Capacity

By A. PAUL DANYLUK
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THE SOVIET UNION is reportedly planning to expand its off-farm grain storage capacity almost a third over the next 5 years, reaching a total off-farm elevator and grain warehouse capacity of roughly 180 million tons by 1980.

The Five-Year Plan for 1976-80 calls for construction of 40 million tons of off-farm grain storage capacity, an average of 8 million tons of new capacity per year. From 1961 to 1970, an average of 6.7 million tons of grain storage capacity was constructed annually, of which elevators accounted for 1.2 million tons.

The sharp rise in construction plans follows in the wake of grain crops in 1973 and 1974 that were the largest ever. It also suggests a response to criticisms about the high losses of grain due to shortages of both storing and drying facilities.

In a speech to the Plenum of the Central Committee in December 1973, Soviet party leader Leonid Brezhnev lamented that "because of the big harvest, large quantities of grain had to be stored in mounds under the open sky . . . and no one made an accounting of the value of the losses incurred."

Brezhnev then announced that measures would be taken and funds appropriated for the construction of enough "closed" grain storage facilities to fulfill the country's requirements.

Soviet awareness of the need for rapid expansion of its grain storage facilities became acute when the 1973 grain crop exceeded the planned level by 25 million tons.

The annual construction rate in 1961-65 averaged almost 6 million tons of grain storage capacity, but included only 700,000 tons of elevator capacity. For the period 1966-70, the yearly construction rate was 7.5 million tons, including 1.7 million tons of elevator capacity. For 1971-75, the average annual gain totaled only 6 million tons, but elevators accounted for over half of the new capacity. Not until the upcoming Five-Year Plan, calling for 8 million tons per year (85 percent in elevators), have the Soviets moved to establish grain storage construction levels compatible with growing needs.

For the 1961-65 period, average annual gross grain production was 130.3 million tons; for 1966-70, 167.6 million tons; and for 1971-74, 191.9 million tons, which has left large gaps between storage needs and actual capacity.

Grain storage facilities on state and collective farms reportedly have a total capacity of 100 million tons. Over the past several years, an increasing amount of grain has remained on the farm for use as livestock feed.

But losses are probably high, since much of the grain that remains on the farm is stored in primitive barn-type facilities. This is viewed as another reason for the current drive for rapid expansion of modern grain storage facilities.

Another factor contributing to the need for storage construction is geographic. Grain collection points in some major producing areas are reportedly so far apart, and waiting periods at the collection points are so long, that trucks can make only two or three deliveries daily.

To help alleviate this problem, 28 percent of the 40 million tons of new storage capacity planned for 1976-80 will be constructed in two major grain producing areas, the Ukraine (6.4 million tons) and Kazakhstan (5.2 million tons).

New facilities are also planned for a number of regions in the Russian Federation, including the oblasts of Volgograd, Saratov, and Kuybyshev, as well as Bashkir and Tatar ASSR's. Major construction is also planned for Stavropol, Krasnodar Krays, and the Urals, and the Central Chernozem and non-Chernozem Zones.

The work is expected to include new construction, additions to existing facilities, and some renovation. Apparently, almost the entire grain storage system is in need of some type of work.

It appears that Soviet grain silos are being built of precast reinforced concrete with steel lining. Construction of silos from sheet metal plates, on the other hand, would reportedly take much less time and be less costly.

Problems evidently exist with labor efficiency. Some elevators just recently constructed already need major repairs, owing mostly to poor construction of seals against moisture.

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The Soviets plan to construct more modern grain elevators like this one, located in a major producing area—the Kazakhstan.

World Sunflower Oil Exports Drop as Consumption Climbs

By RICHARD J. BLABEY
Foreign Commodity Analysis
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IN 1975, WORLD exports of sunflowerseed oil are expected to decline for the second straight year—to approximately 665,000 metric tons (oil basis), their lowest level since 1965. Since the late 1960's, consumption of sunflowerseed oil by major producer-exporters has increased faster than production, thus shrinking the volume of world exports. The ability of major producer-exporters to expand production enough to restore export volumes to levels achieved just 6 years ago is still in doubt.

Most Americans are unaware of the prominence of sunflowers among the world's oilseed producing crops. To them, sunflowers are decorative garden plants that produce seeds either eaten by health food enthusiasts or by bluejays and gray squirrels raiding backyard birdfeeders.

In Europe, however, the oil extracted from sunflowerseed is widely recognized as an oil used in manufacturing margarine, preparing salad dressings, and frying foods. About 10 percent of the vegetable oil consumed each year in the European Community is derived from sunflowerseed.

The EC consumes approximately 350,000 metric tons annually, enough to fill a train of railroad tank cars 50 miles long. The highest per capita consumption is in West Germany and the Netherlands—about 5 pounds per person per year. Except for about 25,000-30,000 tons of oil produced each year in France and Italy, the EC must depend on imports to satisfy its demand for sunflower oil.

European consumption of sunflowerseed oil grew rapidly during the 1960's when worldwide production doubled and exports, primarily from the USSR, Eastern Europe, and Argentina, tripled to over 1.1 million tons. This phenomenal growth was primarily a result of three decades of research effort centered in the Soviet Union and other East European countries, where new varieties of sunflowers with higher yields and higher oil content were developed.

In addition, expanded acreage, better cultivation practices, and more efficient oil extraction methods have helped to increase overall oil production, so that today sunflowerseeds are second only to soybeans as a source of vegetable oil for the world.

Sunflower yields, however, can still fluctuate greatly from year to year as a consequence of disease, pests, or adverse weather. Diseases such as downy mildew, leaf mottle, and rust have reduced yields as much as 50 percent under some conditions. Insects such as carrot beetle, sunflower beetle, and sunflower moth can also cause significant losses.

Heavy rainfall during flowering reduces bee pollination and prevents good seedset on varieties not highly self-fertile. Humid conditions prior to harvest encourage the growth of fungi (grey mold, sclerotinia) which attack ripening flowerheads and stems causing severe rotting of flowers and seed loss.

Consequently, most large-scale sunflower production throughout the world is concentrated in the temperate zones where the climate is semi-arid and the natural vegetation is short grass. Sunflowers in their early stages of growth can withstand low temperatures better than corn. During later stages of growth, they can also tolerate temperatures in excess of 100°F., if sufficient moisture is available.

IN SEMI-ARID REGIONS, where winter rain and snowfall moisture is stored in the soil, sunflowers develop extensive root systems shortly after planting which enable them to tap moisture not accessible to many other crops when rainfall is infrequent during summer months. Consequently, they have gained a reputation for being drought tolerant.

The **Soviet Union** is the world's leading sunflowerseed producer and each year accounts for about 60 percent of the world's sunflowerseed oil output. Sunflowers are harvested across the southern part of the European USSR with the bulk of the crop concentrated in the eastern Ukraine and northern Caucasus regions. In the early 1970's, when unfavorable weather caused production to fall "below plan," the USSR reduced its exports by one-half, from about 800,000 to about 400,000 tons annually (oil basis).

Besides the USSR, other major producers of sunflowers are Argentina, Romania, Bulgaria, Turkey, and Yugoslavia. Because short domestic supplies of vegetable oil generally preclude exports from Turkey and Yugoslavia, they play no significant role in the world's sunflowerseed oil trade.

Argentine production is extensive, but yields are relatively low because sunflowers are often planted as a second crop following wheat. Furthermore, domestic consumption of sunflowerseed oil has climbed as a result of its increased substitution for other edible vegetable oils in the Argentine diet.

In 1974, low stocks and supply difficulties prompted the Government to restrict exports to 2,000 tons—a severe drop from 62,000 tons in 1973.

Romania, as the world's second leading exporter of sunflowerseed oil, exports 120,000-140,000 tons of oil annually. Last July at the 6th Annual Sunflower Conference in Bucharest, scientists from all over the world gathered to discuss current research efforts.

ROMANIA'S SCIENTISTS have been leaders in hybrid variety production using the genetic male sterile system, and they share with U.S. scientists leadership in the use of cytoplasmic male sterility in hybrid development.

Sunflowers in **Bulgaria** are planted on about 7 percent of the cultivated land and provide over 90 percent of Bulgaria's domestic vegetable oil supply. Average yields are among the highest in the world, varying between 16 and 19 quintals per hectare (1,500-1,700 pounds per acre). However, Bulgaria has reduced its exports on an oil basis by phasing out sunflowerseed exports, apparently to increase domestic availabilities of both vegetable oil and protein meal.

Although sunflowers in the **United States** are not a major oilseed crop, in 1973 the United States became the world's third ranking producer-exporter of sunflowerseed for confectionary pur- 91,000 tons (oil basis). The United States has long been a major producer of sunflowerseed for confectionary purposes, averaging 180,000 tons of production annually between 1970 and 1974. The traditional center of U.S. sunflower production has been the Red River Valley of North Dakota where climate and soils are similar to those of the southern USSR.

Commercial production of seed for oil began in 1967 and rose sharply in the early 1970's when increasing demand for edible oil encouraged widespread planting of sunflowers on set-aside acreage. With the elimination of set-aside programs, harvested acreage planted with oilseed varieties declined from an estimated 600,000 acres in 1972 to 450,000 acres in 1974. Planting in 1975, however, may be as much as 1 million acres, including 300,000 to 350,000 acres of new production in Texas and other southern states.

The Soviet Union dominates world trade in sunflowerseed oil, accounting for approximately two-thirds of all sunflowerseed oil exports (oil basis). In 1973, the Soviets reportedly harvested a record crop of 7.39 million metric tons. Oil output from this crop was about 2.8 million tons, compared with 1.9 million produced from the previous year's crop. Consequently, many commodity analysts predicted increased Soviet sunflower oil exports in 1974, but the Russians instead rebuilt severely depleted stocks.

While Soviet exports are thought to have increased slightly in 1974, world sunflower oil exports declined by an estimated 75,000 tons from about 770,000 tons in 1973 to 695,000 tons in 1974. Analysis of preliminary trade data for the EC indicates that imports of sunflowerseed and oil approximated 320,000 tons in 1974, a decline of about 15 percent (oil basis) from those of the previous year.

In 1974, the USSR harvested 6.76 million tons of sunflowerseed, a crop second in size only to that of 1973. Despite an anticipated oil output slightly about that of 1968 and 1969, when exports exceeded 800,000 tons, oil basis, the Soviets are not expected to increase exports greatly this year.

Growing population and per capita consumption since 1968 have reduced the amount of oil available for export. Consequently, 1975 exports are not expected to exceed 450,000 tons, unless stocks are drawn down.

No significant worldwide recovery of sunflowerseed oil exports is anticipated in 1975 since production in the major producer-exporter countries is actually expected to decline.

It is unlikely that, prior to 1980, world exports of sunflowerseed oil will return to the levels of the late 1960's for a number of reasons.

A large portion of the world's semi-arid grassland that could conceivably be planted to sunflowers is located in countries currently short of edible oil for consumption. If sunflower cultivation is expanded in such countries, the seed will most likely be crushed and the oil consumed domestically before exports are forthcoming.

Acreage expansion by today's major producer-exporters is restricted by crop rotation considerations and economic factors. Generally, sunflowers are grown only once every 3 or 4 years in the same field in order to control disease. In the USSR, rotation cycles for disease prevention may be as long as 10 years in some areas.

Consequently, unless further improvements are made in disease resistance, for every additional acre of sunflowers harvested, total area devoted to sunflower cultivation will have to increase by 3 to 10 acres, a possible but unlikely prospect.

Widespread planting of sunflowers on highly productive, irrigated or dry land acreage is unlikely because a number of food and feedgrain crops offer greater economic returns compared to sunflowers. If world vegetable oil supplies were to become abundant once again, sunflowers, being primarily an oil crop, would have less success competing for acreage.

If acreage cannot be expanded significantly, increased output will have to depend on better yields. Most countries are expected to rely on improved cul-

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Model poses before a poster promoting margarine made from sunflowers in West Germany, the world's leading importer of sunflowerseed oil.

SUNFLOWERSEED OIL: PRODUCTION AND EXPORTS BY MAJOR PRODUCER-EXPORTERS[1]
[In 1,000 metric tons]

Country	Item	Average 1962-66	Average 1967-71	1973	1974[2]	1975[3]
USSR	Production	1,828	2,452	1,943	2,843	2,603
	Exports[4]	286	663	374	400	450
Romania	Production	191	294	344	306	271
	Exports[4]	60	145	147	120	90
Argentina	Production	214	316	311	322	266
	Exports[4]	33	61	62	2	2
Bulgaria	Production	128	186	195	178	162
	Exports[4]	46	66	34	15	5
United States	Production	0	11	94	99	81
	Exports[4]	0	3	91	82	50
Others	Production	280	404	670	745	654
	Exports[4]	30	52	64	76	68
Total	Production	2,641	3,663	3,557	4,493	4,037
	Exports[4]	455	990	772	695	665
	Apparent consumption	2,186	2,673	2,785	3,798	3,372

[1] Estimated production from seed harvested in preceding calendar year. [2] Estimated. [3] Forecast. [4] Exports of seed and oil-oil basis.

Czechoslovakia Launches Drive To Boost Export Earnings

TO CUSHION THE burgeoning costs of Western imports and keep a lid on domestic prices, Czechoslovakia is launching a strong drive in 1975 to move its exports, notably sugar and manufactured goods, to hard currency markets in the West. Although the Czech trade balance broke about even in the first three quarters of 1974, the all-important hard currency balance dropped into the red—showing a deficit of some US$136 million.

To reduce its dependence on Western grain and feed imports, Czechoslovakia is also emphasizing cereal production. But since the State is firmly committed to improving livestock output and consumer diets, protein feed imports—some from the United States—are likely to continue strong in 1975.

In spite of a fairly good showing in 1974, Czechoslovakia's controlled economy was not without problems. The key problem was—and still is—how to shield the economy from the effects of Western inflation, as reflected in higher import costs for needed raw materials—especially livestock feed and energy. So far, Czech prices have held relatively steady, except for gasoline prices, which were raised substantially by the Government during 1974.

Weather posed another problem during 1974. At harvesttime, heavy rains threatened serious damage to a number of crops—particularly sugarbeets. At stake were large quantities of sugar—over 200,000 tons—for export chiefly to hard currency markets. As the harvest ended, however, damage to the beet crop was minimized by emergency measures, including handpicking, since the fields were impassable to machinery.

Finally, Czechoslovakia faces a serious shortage of labor, officially estimated at 100,000 workers. Of a Czech population of 14.7 million at the end of 1974, the work force numbered 7.3 million, of which 1 million people or 14 percent were employed in agriculture. Measures to encourage population expansion apparently are successful, however, since population increases in 1974 were well above earlier years' levels.

A highly industrialized country, Czechoslovakia is a net importer of agricultural products. Less than 8 percent of its total exports are agricultural, while about 22 percent of total imports are farm products. In 1974, top farm exports were processed meats (mostly ham), sugar, hops, and processed vegetables. Leading the import list were cereals, animal feeds, wool, cotton, and hides.

According to U.S. export statistics, Czech imports of U.S. animal feeds—top U.S. export there—fell sharply in 1974, although Czech figures show an import rise. The discrepancy is due to the difficulty of interpreting import figures for landlocked European countries, since many U.S. shipments are transshipped through West European ports.

U.S. Census Bureau data, however, show that U.S. soybean oilcake and meal exports were worth just $15 million in 1974, compared with $31 million in 1973. U.S. oilseeds exports—largely sunflowerseed and peanuts—were worth $2 million, compared with 1973's $5 million. Hides and skins shipments are listed at $9.6 million for 1974—well below the $16 million of 1973.

Although grain was once the leading U.S. import to Czechoslovakia, the country apparently imported no U.S. wheat or corn during 1974, purchasing largely from the Soviet Union and other suppliers. Unofficial estimates place wheat imports in 1974 at 1 million tons, despite good crops in 1973 and 1974. Barley and corn were also imported. Protein meal imports reportedly surpassed the 663,000 tons imported in 1973, of which 145,000 tons were direct shipments from the United States.

The increased grain production in 1974 was a welcome development in Czech agriculture—lessening dependence on grain imports. Imports of feed protein—mostly in the form of meal—for the livestock industry represented 56 percent of Czechoslovakia's imports of noncapital goods from the West in 1973—and more in 1974—owing to sharply rising prices for these products.

On the domestic front, Czechoslovakia's economic expansion was relatively rapid during 1974. Early reports show industrial output rose 6 percent, while gross farm production advanced 4 percent. For 1975, the economic development plan envisages industrial output gaining by 6.5 percent and agricultural by 3.3 percent.

In general, plans call for food supplies to improve further in 1975. Grain output is targeted at 10.3 million tons, a shade below the official 10.6-million-ton record of 1974.

The introduction of the high-yielding strains of wheat—chiefly the Soviets' "Mironovskaja" and "Kafka"—is likely to continue during 1975. So far, about two-thirds of total wheat acreage is sown to these types. They are resistant

Chairman of Czech farm cooperative discusses the quality of the wheat crop with an agronomist, top left. Wheat output and yields in many areas of Czechoslovakia have been held in check by adverse weather this season. Czech complex for fattening hogs includes automated feeding system, above. Harvest of alfalfa crop, left, which will help to sustain Czechoslovakia's livestock improvement programs.

to winter conditions and usually have about a 10 percent higher yield than the Czech strains.

Excessive rains during the fall of 1974 may adversely affect these target expectations of yields and production. Plowing and sowing of winter wheat has been delayed in many parts of Czechoslovakia, particularly in the East. Reportedly, in some districts, only 50 percent of the planned wheat land was sown. In March, inclement weather delayed planting of spring wheat by at least 2 weeks, further dimming the outlook for good yields this year.

Livestock production will continue to increase at about the 2 percent rate achieved in 1974, reflecting the long-range program to improve and expand herds. Plans call for milk output to rise about 2 percent over 1974's by increasing the cow population and per cow output, which currently averages about 2,810 liters a year. However, the 12 percent rise in pork production in 1974 will be difficult to maintain in 1975, and poultry production, particularly of chickens, may decline also somewhat, according to the 1975 plan.

Gross agricultural production increased 4 percent during 1974 with increases about equally divided between crops and livestock. By far the largest increase was registered by grains and sugarbeets, while output of potatoes and other crops was down.

Grain. About 45 percent of Czechoslovakia's grain acreage is usually planted to wheat and about 30 percent to barley. The rest is rye, corn, oats, and minor grains. Although area planted to grain in 1974 was about 64,000 acres less than in 1973, farmers harvested a record crop despite adverse weather conditions. Wheat production in 1974 is tentatively estimated at around 5 million tons, up some 10 percent over 1973; barley production is estimated at over 3.2 million tons; and corn production at more than 700,000 tons.

Although the total grain crop was a record, there were reports that the quality of the crop suffered from the unfavorable weather during harvest. Barley, for example, which is not only a feedgrain but is important for malt and beer production and export, contained a fairly large percentage of "green grains" in the early samples. Corn also suffered during the rain-soaked harvest, with the high moisture content causing some difficulties during drying and storage.

Sugarbeets. Despite adverse weather during the harvest—mechanical picking had to be halted due to excessive moisture in the fields—production of sugarbeets reached nearly 8.2 million tons, more than 33 percent above the 1973 crop. While production and yields were excellent, the sugar content of the 1974 beet crop was relatively poor—between 13 and 14 percent against 16 percent in 1973.

Oilseeds. Czechoslovakia produces only a small proportion of its oilseed meal needs—only about 22 to 30 percent of the protein meal needed for its livestock industries is produced domestically. Rapeseed is the main oilseed grown, followed by flax and small quantities of sunflowerseeds.

Rapeseed production was poor last year because of dry weather and frost. As a result, about one-third of the area planted had to be plowed up in the spring of 1974, which meant a loss of some 30,000 tons from the expected 120,000-ton harvest. Flaxseed output was satisfactory and may have reached over 100,000 tons.

SOYBEAN growing is still experimental, occupying about 10,000 hectares in the Slovakian Republic, so far with mixed results. Reports suggest dissatisfaction with soybean production since good corn land was used for production. The resulting soybean crop was considered relatively poor. Some observers attributed the poor performance to a lack of knowledge of cultivation.

Livestock and livestock products. Czechoslovakia's livestock improvement program reached the point in 1974 where the country could claim self-sufficiency in milk, butter, and egg production, and near self-sufficiency in meat.

The cattle population in 1974 reached 4.6 million head—up 10,000 during the year. The pig population continued to grow rapidly and reached 6.6 million heads, up around 5 percent from 1973's level.

Reflecting the policy to upgrade diets, red meat production rose 9 percent during 1974 to 1.2 million tons. More than half of this was accounted for by hog slaughter, while the rest was beef and calves. In 1974, increased production of red meats further reduced the country's dependence on beef imports, which have declined every year since 1970.

Because of improved yields, milk production during 1974 increased 2 percent over 1973's. Butter production, on the other hand, stayed the same as the previous year, but should still adequately cover domestic needs.

Although poultry numbers apparently declined in 1974, sales of poultry for slaughter gained 6 percent. Increased production of ducks and geese helped to offset the decline in chicken numbers, although ducks and geese account for less than 10 percent of total poultry. Egg production gained by about 5 percent, due in large part to higher production per hen.

Fruits and vegetables. While final figures are not yet available for 1974, indications are that vegetable production

was somewhat higher than in 1973, but was still below the level planned. The fruit crop, on the other hand, was damaged by rain during the harvest in certain areas. Reports indicated that a lack of sunshine in a number of areas prevented the crop from ripening and fruits rotted away.

As in the past, Czechoslovakia imported large quantities of fruits and vegetables in 1974 to meet domestic needs. In 1973, these imports amounted to 470,000 tons.

Hops. The "green gold" crop—hops—was harvested from about the same areas as last year, but apparently with disappointing results because it did not meet the amount planned. Still, output may have approached 10,000 tons, which would enable the country again to earn foreign exchange in export markets. Czechoslovakia usually produces 10 percent of the world's total and is the third largest world producer.

—Based on report from *Office of U.S. Agricultural Attaché, Vienna*

USSR 1974-75 Beet Sugar Output Down One-Fifth

Soviet 1974-75 refined beet sugar production through February 1975 totaled 7.11 million metric tons, compared with 8.77 million tons the previous year. Generally, very little beet sugar is processed after February. Imported raw cane sugar from Cuba is processed throughout the year.

Beet sugar production in 1974-75 dropped 19 percent from the previous year's level and is the lowest in a decade. The poor results followed the mediocre and delayed 1974 beet harvest of 76.4 million tons. As a consequence of problems of bolting during the 1974 growing season, and adverse weather during harvesting, the average sugar extraction rate declined to an apparent 11.1 percent, compared with 11.9 percent during 1973-74.

Processing of imported raw sugar from Cuba will probably be about the same as in 1974, despite the fact that 1974-75 Cuban sugar output is down an estimated 5 percent from that of the previous year. The Soviets in 1974 imported 1.9 million tons of raw sugar, nearly all from Cuba, compared with 2.5 million tons in 1973, of which 1.6 million came from Cuba.

Mexico's Tobacco Goal: Keep Industry Viable

By DANIEL J. STEVENS
Foreign Commodity Analysis, Tobacco
Foreign Agricultural Service

MEXICO's tobacco industry in the past decade has attained national self-sufficiency in all tobacco types and has greatly expanded both its production and exports of burley.

The highly organized and efficient tobacco production system that fostered the new levels of self-sufficiency and expanded exports was developed and controlled by private tobacco companies prior to late 1972, when the Government of Mexico established an official agency—TABAMEX—to act as middleman between tobacco growers and cigarette companies and/or leaf exporters. TABAMEX is jointly owned by the Government, growers, and tobacco companies.

The Government's future role in such areas as tobacco leaf prices and quality control could have far-reaching effects on the industry's future development.

Mexico's achievement of self-sufficiency and expansion of tobacco exports is dramatically illustrated by the drop in leaf imports from 6 million pounds in 1964 to only 11,000 pounds in 1973. In this same period, tobacco exports increased from 19.8 million pounds to an estimated 40 million pounds.

Tobacco production in Mexico during 1974 probably totaled about 150 million pounds—17 percent greater than in 1973 and almost 60 percent above the level of a decade earlier—thus enabling the Government to continue its policies of tobacco self-sufficiency and active promotion of tobacco exports.

Before the tobacco industry was brought under Government control, the traditional arrangement for production of leaf tobacco in Mexico was a system of contracts between growers and tobacco companies, most of which were foreign-owned. The companies, which financed and supervised growing and curing operations, had extensive processing facilities in the production areas.

In late 1972, this traditional system was replaced by a 52 percent State-owned stock company, Tobacos Mexicanos (TABAMEX), which assumed responsibility for many of the services to growers previously provided by tobacco companies.

TABAMEX functions as an intermediary between growers and tobacco companies, contracting with producers after receiving orders from cigarette companies and exporters, and, in effect, controlling all production and marketing activities.

Financing still is provided by the tobacco companies, but is channeled through TABAMEX. Grower supervision and technical assistance are provided by TABAMEX, which also has purchased and now operates the drying and packing facilities formerly owned and managed by the individual tobacco companies.

TABAMEX retained key industry personnel, and thereby obtained a degree of continuity in operation when control shifted from the industry to Government.

The Government company has, however, experienced some teething pains, beginning with organization difficulties between growers and the Government that delayed planting of the 1973 crop.

A strike of workers at processing facilities early in 1974 added to TABAMEX's problems, which continued into the 1974 season as exporters rejected substantial quantities of burley claimed to be of inferior quality.

During the fall of 1974, a standoff between the Government and the tobacco companies developed over the 1975 price schedule. Announcement of the 1975 grower prices was delayed pending placement of orders for leaf tobacco by cigarette companies and exporters. The companies refused to place orders until they knew the prices.

TABAMEX finally released the official 1975 crop tobacco prices early this year. The price adjustments ranged from no change on oriental type to a 38 per-

At Mexico's centralized tobacco curing complexes, such as this one in Nayarit, green tobacco is received from farms and prepared for curing barns. Each barn has a curing capacity of about 1,000 lb of leaf tobacco (cured weight) every 4-6 days. Barns are heated in 3 stages: Yellowing (2-3 days at 100°F), drying and fixing color (3 days at 140°), and final drying (160°).

cent increase on dark air-cured tobacco.

The price of semishade cured burley leaf was boosted 21 percent to 47 cents per pound. Dark air-cured and semishade cured burley are the two primary export types.

The price of Virginia sun-cured, which accounts for about 40 percent of the Mexican tobacco crop, was raised 19 percent to 36 cents per pound. In general, the price increases were considered to be in line with price increases in other producing countries.

When comparing prices, however, it should be remembered that in addition to the actual price paid for the leaf, the manufacturers and exporters incur other costs associated with procurement of leaf. These include service charges paid to TABAMEX and costs associated with financing the growers. The true cost of the tobacco, therefore, is somewhat above the price paid the grower.

Mexico produces a variety of tobacco, ranging from dark cigar types to oriental and including flue-cured, sun-cured, and burley. The two predominant types are sun-cured Virginia, used primarily in domestic cigarette production, and semishade burley; most of which is exported. These two types in 1974 accounted for 66 percent of estimated leaf production.

Mexico's outturn of semishade burley reached an estimated 35 million pounds in 1974, up from 29 million pounds in 1973. Production of this type has more than tripled in the past 10 years as export market demand shifted from Virginia sun-cured to semishade burley—a move fostered by the surge in world demand for burley leaf.

Estimated world exports of burley by countries other than the People's Republic of China, the Soviet Union, and Eastern European countries amounted to 221 million pounds in 1973—more than double the 106-million-pound annual average of 1965-69.

BY COMPARISON, Mexico's burley exports more than tripled as they jumped from a 10.6 million-pound annual average in 1965-69 to 35.2 million pounds in 1973 to increase the Mexican world market share from 10 to 16 percent.

Major markets for Mexican burley exports are the United States, West Germany, and—in recent years—Japan. Exports of light tobacco (primarily burley) to the United States increased from less than 3 million pounds in 1969 to almost 12 million in 1973.

The future of Mexico's leaf production for domestic utilization (primarily Virginia sun-cured) is protected by strict import controls over leaf tobacco. This market is projected to grow at about the same rate as the cigarette market, which is expanding at an estimated rate of 3-4 percent annually.

An oversupply of sun-cured leaf that developed in 1974 should be corrected this year as cigarette manufacturers adjusted their orders on the basis of carryover stocks of the 1974 crop.

Mexico's tobacco export market, unlike the domestic market, is relatively uncontrolled, and is subject to market influences to a much greater degree than the domestic market.

Maintenance and growth of burley exports depend to a large extent on quality and price. Adverse weather was responsible in part for the lower quality of the 1974 crop, but some industry officials list lax supervision by TABAMEX as a contributing factor.

With burley outturns expanding in a number of countries including Italy, South Korea, Greece, and Brazil, Mexico must necessarily offer a good-quality product at a competitive price if it is to maintain a viable export market.

The restructuring of the Mexican tobacco industry reached the cigarette manufacturing sector early in 1973. Subsequent to the increase in growers' prices announced late in 1972 for the 1973 tobacco crop, domestic cigarette manufacturers found themselves facing a severe cost-price squeeze.

The Government denied the cigarette manufacturers' requests for higher prices to cover their increased costs, but countered with an offer of subsidies. To qualify for a subsidy, however, a company must show that it is Mexicanized —owned 50 percent or more by Mexican interests.

Virtually all the manufacturers were able to meet the subsidy requirements by late 1973 or early 1974 through merger or the sale of stock to employees, the public, or the Government-owned Financiera Nacional.

In addition to the cost-price squeeze, manufacturers also faced declining sales in 1973 as the Government boosted cigarette taxes. The tax increase that became effective January 1, 1973, raised the price of cigarettes by an average 45 percent, and had the consequence of reducing sales for the year by 11 percent.

This reduced sales volume in 1973 was primarily the result of hoarding prior to the January 1, 1973, tax hike, and does not reflect any substantial or long-term decrease in consumption. Sales in mid-1974 had recovered to 1972 levels and are expected to be above those of 1972 for the year.

Mexicanization of the cigarette industry has had little, if any, effect on the day-to-day operation of the cigarette companies. In most cases, management has been left intact, and any changes resulting from the shift in ownership will likely be made gradually.

Brazil's Cotton Production Down

Unfavorable weather at or about planting time in South and Northeast Brazil caused a reduction in the 1974-75 cotton crop, but the size of the drop was mitigated somewhat when weather improved sufficiently in the Northeast to allow cotton fields to be reseeded.

The reduction this season was only about 4 percent, but it may help to reduce the current cotton stock buildup resulting from a cut in Brazil's 1974 lint cotton exports and lower domestic consumption.

Brazil's total 1974-75 cotton crop is estimated at 2.4 million bales (480 lb net), 1.7 million from South Brazil and 735,000 from the Northeast. The previous year's production was estimated at 2.6 million bales, 1.6 million from South Brazil and 965,000 from the Northeast.

According to trade estimates, South Brazil's area planted to cotton in 1974-75 was approximately the same as that planted the previous season. Seed sales were also about equal to last year's level. Tradesmen speculate that final cotton outturn this season could be at least as high as that of last season and perhaps higher. However, little rain and cooler-than-normal temperatures at planting time (October-November) may later require some revision of these early-year estimates.

Planting of the 1974-75 Northeast cotton crop got underway in March and continued through June 1974. Heavy rains in April damaged some of the seedlings, but improvement in the weather shortly after the start of the season allowed farmers to replant the damaged portion of the crop. Despite replanting efforts, the estimate of 1974-75 outturn was progressively scaled down throughout the season—evidence of the damage done by the rain. Current estimate of 735,000 bales is down considerably from the 870,000 first estimate of Northeast output.

Harvesting should have begun in September but was delayed until November because of the crop's late start. The harvest was in full swing by mid-December but a final crop estimate will have to await its completion, although to date the quality of the crop is reported as being good.

Brazil's lint exports during the January-July 1974 period totaled just 252,000 bales. 80 percent less than the 1.25 million bales exported during the same period a year earlier. Export data available by country for the January-July 1974 period and show the five most important customers for Brazilian cotton, with volumes in 480 pound bales and f.o.b. value in thousands of U.S. dollars (in parentheses) were: Japan, 42,415 ($11,028); Netherlands, 34,267 ($8,551); Hong Kong, 22,202 ($3,663); the Republic of South Africa, 17,953 ($4,273); and West Germany, 17,820 ($4,515).

Exports to the United States totaled only 454 bales, with an f.o.b. value of $101,000, during this period.

With the falloff in consumption and exports, the buildup in cotton stocks brought total volume in December to an estimated 597,000 bales, although a shortage of data makes an accurate estimate difficult. In order to lend some support to local farmers, as well as to take advantage of what it perceives to be an improved market later this year, the Government of Brazil is financing the storage of about 459,300 bales.

—Based on report from
Office of U.S. Agricultural Officer, São Paulo

Italy Is Big U.S. Farm Market

Continued from page 4

tons because of reduced 1974 production of sugar.

Olive oil. Production in 1974-75 is estimated at 460,000 tons, only 4 percent less than the bumper crop in 1973. The high output for an off year is generally credited to the better care of orchards as a result of attractive market conditions. A foreseeable consequence of high prices will be a continued decline in consumption. Imports will also be affected, with an anticipated drop-off of about 15 percent or 120,000 tons from the 1973-74 level.

Wine. Output in 1974 is estimated at 64 million hectoliters, about 17 percent less than in 1973. The quality is considered excellent, owing to a prolonged summer and fine harvest. Market conditions, however, have not met Italian expectations. Wine exports in 1974 are expected to increase in value by 5 percent over 1973, but volume will be down by an approximate 10 percent.

Soviet Grain Storage

Continued from page 5

To improve planning, modernization, and implementation of technical advancements in both storage and processing, the Ministry of Procurements intends to expand staffs in major Soviet institutes. One of their major objectives in planning is to reduce construction costs.

The Soviets have already allocated about $4.7 billion for the 1976-80 grain storage project. About three-fourths of the planned 40 million tons in new capacity has been assigned to the Ministry for Agricultural Construction.

World Sunflower Oil Exports

Continued from page 7

tural and management practices as well as improved varieties of sunflowers to increase yields.

Scientists in both the United States and Romania are developing hybrid sunflowers that reportedly exhibit improved yields and disease resistance. In the United States, Agricultural Research Service geneticists expect yields to increase 10 to 40 percent from hybrids that are more highly self-fertile, that mature uniformly, and make insect management and harvesting more timely and effective.

Hybrids, however, are more sensitive to deviations in normal weather patterns and thus present a greater risk of loss as a consequence of adverse weather. This may be one reason why the USSR, which suffers from wildly unpredictable weather in its sunflower growing region, is currently not interested in hybrids.

The rapid growth in European consumption of sunflowerseed oil took place during 1966-1970 when supplies were plentiful and the average price of sunflowerseed oil was about the same as soybean oil.

With the possibility of increased exports from traditional producer-exporters now in doubt, manufacturers of identity-preserved sunflowerseed oil products will either have to seek out additional sources of supply or reevaluate their commitment to producing such products. The premium paid for sunflowerseed oil in Europe—from 6 to 8 cents per pound above the price paid for soybean oil—is currently an incentive offered farmers for increasing sunflowerseed production.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 6	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.03	−27	5.66
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.33	−18	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.55	−10	4.57
U.S. No. 2 Hard Winter: 13.5 percent	4.19	−11	4.51
No. 3 Hard Amber Durum	6.67	−13	6.50
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.43	−12	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.07	−13	(1)
French Maize [2]	3.02	−14	3.29
Argentine Plate corn	3.83	−8	3.70
U.S. No. 2 sorghum	3.04	−15	3.17
Argentine-Granifero sorghum	3.04	−16	3.14
U.S. No. 3 Feed barley	2.40	−16	2.68
Soybeans:			
U.S. No. 2 Yellow	5.67	−58	6.10
EC import levies:			
Wheat	1.71	+23	.24
Corn	1.01	+19	.23
Sorghum	1.27	+36	.38

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

Sharp Decrease in Yugoslav Wheat Production Expected

Although the winter wheat crop in Yugoslavia has recovered from the very poor start last fall, current prospects indicate production will be about a third below the record 1974 level of 6.3 million metric tons. The decrease in production is attributed to a 14 percent reduction in acreage as well as to reduced yields.

Estimated production of 4.2 million tons is about 1 million below the country's requirements for 1975-76. However, Yugoslavia is not expected to import any wheat in 1975-76 because estimated carryover stocks for July 1, 1975 of 1.4 million tons are more that four times the level for the same period in 1974. Wheat imports of 332,000 metric tons are estimated for 1974-75.

EC Suspends Soft Wheat Export Tender System

The European Community Commission has suspended its system of weekly tenders for soft wheat exports. The export tender system had been used during recent months because th EC was anxious to have more rigid control over exports in the interest of stabilizing their domestic market.

Exports will now be subsidized and imports taxed in the usual manner employed by the EC. For example, the wheat export subsidy will be announced each day and will vary according to destination.

The largest subsidy, $1.25 per bushel, was set on April 30 on wheat exports to the Middle East and Africa. The wheat import levy is now around $1.55 per bushel.

Swiss Increase Duty Surcharges On Major Grains and Feeds

Switzerland has sharply increased import duty surcharges on major grains and feedstuffs. Effective April 1, the new rate for wheat, barley, oats, and corn for feed is set at $55.38 per metric ton while oilseed cake and meal is now rated at $102.85 per ton.

The previous rates, which had been in effect since January 1, 1975, were as follows: Wheat, $3.96; barley, $15.82; oats, $23.73; corn, $31.64; and protein meal, $71.19.

LIVESTOCK AND PRODUCTS

EC Launching New Beef Import System

On April 14, 1975, the European Community decided to lift its ban on imports of beef and live cattle on a limited basis. This action was allowed to stand by the EC Council of Agricultural Ministers on April 30, because the opposition—composed of France, Ireland, and Belgium—did not have enough votes to overrule the Commission.

Under the new "EXIM" system, from June 1 to September 30, 1975, 50,000 metric tons of beef or an equivalent amount of live cattle can be imported. However, these imports will not be authorized until proof is given that an equivalent quantity of beef has been exported without a subsidy.

The import licenses will be awarded on a competitive basis. Under the EXIM system, an EC beef trader first must sell beef with no subsidy to a third country. He will then bid for an import license by offering to pay a percentage of the prevailing import levy.

Those traders who offer to pay the largest percentage of the import levy will be granted an import license. Those who are unsuccessful and do not wish to increase their bids will be granted the export restitution that would have been paid on the original export.

Traders who wish to import beef under this system will have to export with no subsidy and pay part of the import levy. Probably, only importers who wish to purchase special

high-quality hotel and restaurant types of beef would have any interest in this program.

This EXIM proposal is more restrictive than the original proposals that did not require partial levy payment.

On April 17, 1975, fresh beef carcasses were selling for over $1.00 per pound in France. Equivalent U.S. beef carcass prices were between 65-67 cents on the east coast. Prices are even lower in the major world exporting countries. The EC importer would have to pay part of the current 51-cents-per-pound EC levy.

The Commission has also decided to allow imports of 67,500 head of young feeder cattle between May 15 and September 30, 1975. The details of this plan have not yet been determined.

The Commission said that a further 50,000 tons of beef might be allowed after September 30 if a review of the system in September shows that more imported beef is needed.

SUGAR AND TROPICAL PRODUCTS

Indian Jute Industry Facing Major Problems

The Indian jute industry is currently facing the problem of a serious imbalance between the supply of and demand for its finished products. Under the pressure of mounting stocks from month to month and a sharp decline in demand from overseas markets, prices of jute goods have recorded sharp declines over the past several months.

In a press release issued on April 5, the Indian Jute Mills Association said the industry is unable to sustain inventory increases at the current rate; its finances have been drastically depleted by continuous trading losses, credit squeeze, and two labor strikes.

Since August 1974, the industry's finances have been greatly strained by a steady accretion in stocks of both hessian and carpet backing despite an estimated production loss of 145,000 tons during the 48-day strike in January-February this year.

To salvage the industry from its present difficulties the Indian Jute Mills Association has urgently called on the Government for some effective measures to bring supply in line with demand.

Meanwhile, the joint Government-industry delegation, which recently toured the United States and Canada to make a detailed study of the market for Indian jute goods, has reportedly recommended that the Government abolish the export duty on carpet backing to preserve the North American markets for this product against growing competition from synthetic substitutes. The present rate of export duty on carpet backing is Rs. 200 (about $25) per ton.

Sri Lanka's Tea Production Down

Reflecting less favorable growing conditions and reduced fertilizer use, Sri Lanka's 1974 tea crop totaled only 204,038 metric tons, off 3.5 percent from the 1973 harvest of 211,271. Sri Lanka's tea exports in 1974 amounted to 175,405 tons, down 15 percent from 1973 shipments of 205,515.

Sri Lanka is the largest supplier of tea to the United States. U.S. imports of tea from Sri Lanka in 1974 totaled 19,575 tons valued at $21.6 million. Total U.S. tea imports in 1974 were a record 80,846 tons valued at $79.3 million.

Indonesian Spice Exports Down Sharply in 1974

Indonesian exports of black and white pepper in 1974 totaled only 15,659 metric tons, off nearly 39 percent from 1973 shipments of 25,452. The recipients of the 1974 exports (in metric tons) were: The United States, 7,642; the Netherlands, 2,730; West Germany, 1,668; the USSR, 1,187; Singapore, 882; the United Kingdom, 533; Romania, 517; Italy, 413; Belgium, 61; and Austria, 26.

Indonesian cassia and vanilla bean exports also were off sharply in 1974. Cassia shipments totaled 2,788 tons, down 36 percent from 1973 exports of 4,387, and vanilla bean exports were only 134 tons, compared with 802 in 1973. However, nutmeg exports rose to 5,207 tons from 4,337 in 1973, and mace exports amounted to 1,366 tons, compared with 1,022 in 1973.

Nigeria Increases Cocoa Producer Price

The Nigerian Government has increased the cocoa producer price by 20 percent to 660 Naira per long ton (48 US cents per pound) for grade 1 cocoa beans; 550 Naira per ton (40 US cents per pound) was paid to farmers for the 1974-75 main crop cocoa beans.

Thailand Exports of Kenaf Products Reach $35 Million

Thailand exported about 81,000 metric tons of kenaf products in 1974, mainly bags, twine, and yarns, valued at more than $35 million. Gunny bag production in 1974 exceeded 144 million units, 35 percent more than in 1973.

Thailand exports most of its kenaf as raw fiber, with September-August 1973-74 shipments of around 265,000 tons.

TOBACCO

Yugoslav Tobacco Output Expands

Cigarette production continued to expand in Yugoslavia in 1974 and was up 11.6 percent to 41.6 billion units. Filter-tip cigarettes accounted for about 94 percent of the total.

Consumption of cigarettes also increased about 11 percent over the previous year. There is a continual shift in favor of production and consumption of American-type blended cigarettes. Some nine brands of American-type cigarettes are being produced under license arrangements.

Exports of fermented tobacco and manufactured tobacco products were also larger in 1974. Exports were up 7.6 percent totaling 41.5 million pounds with the increase mainly to Egypt. About 15 million pounds were purchased by the United States.

Recently the Yugoslavian Government announced higher guaranteed purchase prices for growers of tobacco and this is expected to expand production. Minimum support prices were raised from 26 percent to 71 percent, depending on variety, with the largest increase in the Virginia variety.

Increases ranging from 17 to 24 percent in retail cigarette prices were also announced. The extra funds have been designated primarily for production and export promotion of tobacco and tobacco products.

OILSEEDS AND PRODUCTS

Argentine Oilseed Crop Prospects Mixed

In Argentina, production of peanuts, soybeans, and flaxseed is expected to rise this year, but sunflowerseed output will drop considerably. Argentine oilseed crop prospects for 1975 in 1,000 metric tons (last year's output in parentheses) are: Sunflowerseed, 825 (1,000); peanuts in shell, 400 (290); soybean, 475 (450); and flaxseed, 370 (297).

Planted sunflowerseed acreage was off 6 percent and an extended summer drought, particularly in the Province of Buenos Aires, has adversely affected the crop. An 8 percent increase in planted peanut acreage and improved weather in the Province of Cordoba should increase peanut output substantially. Planted soybean acreage was off 12 percent but favorable weather should guarantee good yields. Planted flaxseed acreage increased 25 percent.

FRUIT, NUTS, AND VEGETABLES

Chile Expecting Surge In Canned Fruit Output

Chilean 1975 canned deciduous fruit production is estimated at 700,000 cases (basis 24/2½'s) 11 percent above the 1974 output of 629,000 cases. Weather conditions were reported excellent during the growing season and fruit quality is good.

Individual 1975 estimates by item, with 1974's in parentheses are as follows (in cases): Peaches, 474,000 (421,300); marmalades, 46,000 (42,600); and other fruits and juices, 178,000 (164,600).

Chile is not a major exporter of canned deciduous fruit. Calendar 1974 exports of canned peaches totaled 80,800 cases compared with 18,300 cases in 1973.

Argentine Dried Fruit Crop Shows Gain for 1975

Favorable weather conditions contributed to a larger 1975 Argentine crop of raisins and dried prunes. Current estimates place 1975 raisin production at 3,400 metric tons and prune production at 5,300 metric tons. Production totaled 3,300 tons of raisins and 5,000 tons of prunes in 1974.

Argentine exports of dried fruit totaled 4,585 metric tons in calendar 1974, 3 percent above 1973. Brazil is the major market accounting for over half of total exports. Mexico and West Germany are next in importance.

West Germany May Buy U.S., Canadian Wax Beans

The West German Government has announced a tender allowing imports of canned wax bean cuts from the United States and Canada.

Applications for import licenses will be accepted until an undisclosed value limit is reached but not later than September 25, 1975. Import licenses issued will be valid until September 30, 1975.

West German Tender For Canned Pears Announced

The West German Government has announced a tender allowing imports of canned pears from a large number of countries including the United States. Applications for import licenses will be accepted until an undisclosed value limit is reached, but will not be accepted later than September 25, 1975.

Licenses issued will be valid until September 30, 1975. Canned pears must be packed in containers of less than 4.5 kilograms (9.9 lb). Products containing added sugar are subject to the application of European Community's sugar-added levy.

West Germany Seeking Canned Cherry Imports

West Germany has announced a tender allowing imports of canned cherries from the United States and Canada. Canned cherries must be packed in containers holding 4.5 kilograms (9.9 lb.) or less and fruit may be packed with or without sugar.

Applications for import licenses will be accepted until an undisclosed value limit is reached but not later than December 18, 1975. Licenses issued will be valid for 3 months. Country of shipment and country of origin are required to be the same.

GENERAL

Several Multilateral Trade Groups Report Progress

Several Multilateral Trade Negotiations groups met in April. The group on safeguards agreed to continue and perhaps complete at its next meeting on June 30 its examination of present General Agreement on Tariffs and Trade (GATT) safeguard procedures, notably under Article XIX. Then it will begin to examine how present inadequacies could be corrected.

The safeguards group assigned certain tasks to the GATT Secretariat including compiling a list of safeguard actions justified under GATT and describing how safeguard measures have affected developing countries. The work program agreed upon will include measures applied to agricultural commodities.

In the first meeting of the quantitative restrictions subgroup of the nontariff measures group, the European Community backed away from its insistence earlier in the month that all consideration of measures concerning agricultural commodities be in the agriculture group.

The subgroup agreed to a chairman's summary that indicated the intention of some countries to consider restrictions on agricultural products in the quantitative restrictions subgroup and the intention of other countries to consider such restrictions in the agriculture group.

The group on sectors asked the Secretariat to complete a pilot study before the group's next meeting, July 1. The Secretariat will present relevant trade and economic data on the ores, metals, and metal products sector. Its study will not include negotiating hypotheses.

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South African Citrus Industry Had Record Year in 1974

South African citrus exports reached a record level in 1974, but it is still too early to determine what effect the lower 1975 crop anticipated will have on exports this year. Processed citrus sales, however, were down considerably and stocks are high.

With slimmer competition in 1974 from Israel, Spain, and Morocco—whose late harvests usually compete with South Africa's early consignments—South Africa could not always meet export demand.

An important new market developed unexpectedly in Iran, which took 7,750 metric tons; the Citrus Board plans to double sales in 1975. Outside the United Kingdom and Europe, Japan and Canada again took small quantities of fruit that otherwise would have stayed home.

South Africa's usual export markets are the United Kingdom and Ireland, which in 1972 and 1973 took something under one-third of the total; the Continent—especially France, Germany, and the Netherlands—which absorbed 55.5 percent in 1973; and Canada (4.36 percent in 1973).

Total income from citrus sales passed the R100 million mark[1] for the first time during 1974, more than R23 million higher than in 1973. More than R90 million came from overseas sales where prices were the highest yet realized. Showing the dominance of the export market on South Africa's citrus industry income, the 49 percent of the crops exported earned more than 90 percent of total income. Because of sharp increases in export costs during 1975, however, exported citrus will have to be sold at much higher prices to realize the same net income from new season fruit.

The processing industry—as part of a continuing effort to make juice production economically viable to both farmers and processors—is trying to organize a much lower producer price for the 1975 season to boost slumping export sales. The matter will have to be settled between the Board and processors, who play a big part in stabilizing the fresh markets and clearing the crop.

Processors took about 33 percent of the crop in 1972 and 1973, and are expected to have taken about the same quantity in 1974—or even higher depending on the amount taken up under exemption of Citrus Board control. Preliminary estimates show about 160,000 metric tons of oranges delivered to canners in 1975 (compared with 177,000 in 1974); 38,000 metric tons of grapefruit (47,510 in 1974); and 4,600 tons of lemons (7,000 in 1974). These figures are subject to change since farmers can deliver export pool fruit left on trees out of season to increase factory intake. Because of a special late delivery price aimed at leaving fruit in special orchards on the trees for later delivery, factories are able to produce a better product over a longer period.

Principal markets for citrus juice in 1973 were the Netherlands (R1.3 million worth of concentrated orange juice) and the United Kingdom (R1.1 million of concentrated and nonconcentrated orange juice).

Balancing the poor export picture were considerably improved juice sales on the local market, which took about 50 percent of production—the result of stepped-up promotional efforts by the Citrus Board.

The Citrus industry recognizes the growing importance of the processed product, despite some inherent drawbacks in the country's juice production. These include widely distributed production, a short season, high acid content in the fruit and a high percentage of navel varieties not suitable for processing.

Citrus production in 1975 is expected to be smaller than the record 1974 production of 724,857 metric tons. Fruit size is also expected to be smaller, which should mean less fruit of export quality. The 1974 crop may be even larger when all statistics are available.

Although the Citrus Board has not divulged any new tree census statistics, or significant new plantings, it is thought that some orange trees have been uprooted, and lemon and grapefruit plantings increased—the latter a factor that may cause marketing problems.

The South African citrus industry is a modern up-to-date sector of the South African agricultural economy, making use of the most sophisticated production and marketing techniques. Drip irrigation is coming into common use and disease and pest control is of a high order. Containerization of export fruit should be common practice within the next few years.

—Based on report from
Office of U.S. Agricultural Attaché
Pretoria

[1] **R1=$1.47255 as of March 1975.**

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